

## Message Text

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21

ACTION EA-09

INFO OCT-01 EUR-12 IO-13 ISO-00 SP-02 USIA-15 AID-05 EB-07

NSC-05 CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06

LAB-04 SIL-01 AGR-10 PA-02 PRS-01 /128 W

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R 230650Z JUL 76

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 1712

INFO AMEMBASSY CANBERRA

USDEL MTN GENEVA

USMISSION OECD PARIS

UNCLAS WELLINGTON 2751

E.O. 11652: N/A

TAGS: EALR, EFIN, ETRD, NZ

SUBJ: JUNE CURRENT ACCOUNT DEFICIT SHOWS BIG INCREASE

REF: WELLINGTON 2286

1. SUMMARY. NZ'S JUNE CURRENT ACCOUNT DEFICIT WAS NEARLY DOUBLE THAT OF MAY. INCREASED IMPORTS PAYMENTS WERE THE MAIN CONTRIBUTOR TO THE INCREASED JUNE DEFICIT BUT DECREASED RECEIPTS FOR MANUFACTURED PRODUCTS, MEAT AND OTHER ANIMAL PRODUCTS CONTRIBUTED TO THE BALANCE OF PAYMENTS DEFICIT. THE CURRENT ACCOUNT DEFICIT FOR THE YEAR ENDING JUNE 1976 WAS ONE THIRD DOWN ON THAT OF THE YEAR EARLIER PERIOD DUE MAINLY TO A 50 PER CENT JUMP IN RECEIPTS. THE ANNUAL INVISIBLES DEFICIT CONTINUED TO RISE DURING THE YEAR. END SUMMARY.

2. ACCORDING TO THE NZ RESERVE BANK'S OVERSEAS EXCHANGE TRANSACTION FIGURES RELEASED JULY 23 THE JUNE DEFICIT ROSE TO \$65 MILLION (ALL DOLLARS IN THIS REPORT ARE NEW ZEALAND DOLLARS) - A BIG JUMP FROM THE \$34 MILLION DEFICIT FOR MAY. HOWEVER, COMPARED WITH THE DEFICIT OF \$82 MILLION

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FOR JUNE 1975, IT IS AN ENCOURAGING GAIN.

3. THE EXPORTS SHOWING LARGEST DECLINES WERE MEAT EXPORTS, WHICH FELL \$12 MILLION TO \$62 MILLION AND MANUFACTURED EXPORTS WHICH FELL 13 MILLION TO \$28 MILLION FOR JUNE. TOTAL EXPORT RECEIPTS REACHED \$260 MILLION (ONLY SLIGHTLY BELOW MAY). INVISIBLES RECEIPTS FELL \$9 MILLION TO \$42 MILLION.

4. IMPORT PAYMENTS REACHED \$259 MILLION AND INVISIBLES PAYMENTS DECLINED \$3.5 MILLION TO \$108.5 MILLION FOR JUNE.

5. CAPITAL RECEIPTS ROSE TO \$84.5 MILLION FOR JUNE (\$49 MILLION IN GOVERNMENT BORROWING). CAPITAL PAYMENTS JUMPED TO \$72 MILLION.

6. OFFICIAL FOREIGN EXCHANGE RESERVES FELL \$58 MILLION.

7. THE TRADE SURPLUS FOR THE THREE MONTHS ENDING JUNE WAS \$30 MILLION (VS. \$43 MILLION FOR THE SAME QUARTER OF 1975). BOTH EXPORTS AND IMPORTS WERE ABOVE THE JUNE 1975 QUARTER (\$754 MILLION AND \$724 MILLION RESPECTIVELY). THE QUARTERLY INVISIBLES DEFICIT JUMPED \$78 MILLION OVER THE 1ST QUARTER OF 1976.

8. THE CURRENT ACCOUNT DEFICIT FOR THE YEAR ENDING JUNE 1976 DROPPED TO \$704 MILLION, SOME \$362 MILLION BELOW A YEAR EARLIER. EXPORT RECEIPTS REACHED \$2,491 MILLION UP 50 PER CENT OVER A YEAR EARLIER AND IMPORT PAYMENTS FELL 15 PER CENT TO \$2,727 MILLION FOR THE JUNE 1976 YEAR.

9. THE INVISIBLES DEFICIT ROSE \$648 MILLION FOR THE JUNE YEAR. INCREASED OFFICIAL AND PRIVATE DEBT SERVICING AND HIGHER FREIGHT ON EXPORTS WERE CHIEF CONTRIBUTORS TO THE INCREASE.

10. THE NET CAPITAL INFLOW DURING THE JUNE YEAR REACHED \$599 MILLION (\$416 MILLION OF WHICH WAS OFFICIAL AND \$183 MILLION IN PRIVATE RECEIPTS). BY FAR MOST OF THE OFFICIAL CAPITAL INFLOW TOOK PLACE IN THE FIRST 6 MONTHS UNCLASSIFIED

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OF THE JUNE 1976 YEAR (\$35 MILLION). ONLY \$59 MILLION CAME IN FROM JANUARY TO JUNE 1976.

11. THE UK LED IN THE RECEIPTS FROM DIFFERENT COUNTRIES WITH \$511 MILLION. JAPAN ACCOUNTED FOR \$335 MILLION AND THE US FOR \$314 MILLION IN RECEIPTS. AUSTRALIA ACCOUNTED FOR \$304 MILLION. THE US LED IN THE SUPPLY OF CAPITAL RECEIPTS WITH \$274 MILLION.

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## Message Attributes

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**TAGS:** EALR, EFIN, ETRD, NZ  
**To:** STATE  
**Type:** TE  
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